



TESTIMONY IN SUPPORT OF SB554:

Maryland New Start Act of 2022

TO: Delegate Atterbeary, Chair, and Members of the Ways and Means Committee

FROM: **Nicole Hanson-Mundell, Executive Director of Out for Justice**

DATE: March 28th, 2022

Out for Justice, Inc. (OFJ) is an organization led by individuals who are both directly and indirectly impacted by the criminal justice system. We advocate for the reform of policies and practices that adversely affect successful reintegration into society. We accomplish our mission through the three E's: 1) **ENGAGE** formerly incarcerated individuals, families and friends through grassroots outreach and community events; 2) **EDUCATE** our member base and communities on the policies and practices impacting our communities and navigating the legislative process for reform; 3) **EMPOWER** those impacted by the criminal justice system to utilize their voices and experiences to enact tangible change.

Out for Justice supports SB 554, providing multiple critical amendments are included to ensure equitable distribution of funding.

Both anecdotal and scientific evidence indicate that individuals experience a myriad of barriers to economic stability post-incarceration. Out for Justice members regularly tell us that they encounter questions about their criminal record on employment applications, and that they are denied employment opportunities because of criminal record stigma. Several large scale scientific studies show the same patterns ([Harwin et al., 2012](#); [Pager & Quillian, 2005](#); [Westrope, 2018](#)). One well-known study found that the same employers who claimed to not discriminate surrounding criminal records or race were, in fact, half as likely to call-back people with felony records and less likely to call back Black men with criminal records than white men with the same records ([Pager & Quillian, 2005](#)).

Maryland has taken some steps toward decreasing barriers to achieving financial security by “banning the box” on some [employment](#) and [college applications](#); however, there is still so much more to do. Many Maryland employers still ask about criminal records within their job applications, including those that have fewer than 15 full-time employees and those who are simply not adhering to the law. Furthermore, there are no Maryland laws preventing employers from enacting the unspoken personal biases revealed by [Pager and Quillian \(2005\)](#) later in the application process, if someone reveals their criminal record within an interview or their record is discovered online.

Given these continued employment barriers, it is no wonder that many individuals with criminal records wish to start their own businesses. Unfortunately, this opportunity may



also be systematically obstructed. People who are incarcerated are disproportionately Black and Latinx, from lower income backgrounds, and less likely to have received a high quality education ([Tyler & Brockmann, 2017](#); [US Department of Education \[USDOE\], 2013](#)). Due to well-documented systemic racial wealth disparities across this country and trends in reduced educational and financial resources among incarcerated people, Marylanders coming out of prison have much less access to the intergenerational wealth, social connections, and skills training needed to start a business. The New Start Act attempts to increase access to entrepreneurial funding by providing grants to organizations that train formerly incarcerated entrepreneurs and grants directly to the entrepreneurs themselves.

In theory, the New Start Act’s investment in entrepreneurial skills building and business start-ups would increase opportunities for those who have historically faced a myriad of barriers to such opportunities; but, in practice, the bill as written may exacerbate multiple disparities. Without specific amendments to ensure racial equity and non-discrimination against organizations led by formerly incarcerated people, these funds may flow unabated through the same channels of bias and privilege that have historically excluded Black and formerly incarcerated leaders. In Maryland and across the country, studies show that white led organizations receive more grant funding than organizations led by leaders of color ([Dorsey et al., 2020](#)). Specifically, these studies have found that Black-led organizations have 24% to 45% smaller annual revenues and 76 to 91% smaller “unrestricted” budgets ([Dorsey et al., 2020](#)). The authors of these studies have posited that these biased trends in grant funding are due to several factors including disparate access to well-resourced peers and funders within social networks, mistrust and microaggressions during funding application processes, funders’ over-reliance on myopic definitions of reportable outcomes, and differing views of what successfully addressing social issues looks like ([Dorsey et al., 2020](#)).

Pervasive negative attitudes and distrust toward people with criminal records may further exacerbate these disparate funding trends. Organizations led by formerly incarcerated people may face heightened scrutiny and exclusion from funding because the general public views people with criminal records as less capable and dishonest ([Maclin & Herrera, 2006](#)). Among formerly incarcerated entrepreneurs, the same unspoken racial biases that fuel disparities in employment access between white and Black people with felony records are also likely to influence who is given individual business funds through the New Start Act.

By providing funds to business training organizations and to individual entrepreneurs, SB554 is attempting to expand opportunities for those who are frequently excluded from business ventures. However, this bill must do more than just provide money that flows to the same people already receiving money. To prevent this exacerbation of pre-existing financial inequities, we recommend that this bill include funding guidelines that align with anti-racist funding practices as described in the [Harvard Business Review](#) and the [Stanford Social Innovation Review](#), and as practiced by local funders to exemplify these practices.



Furthermore, this bill should include transparency and accountability measures that track disparities in funding allocation to individuals and organizations.

We respectfully urge the committee to include the above changes to this bill; and, if these amendments are included, we urge a **favorable** report on SB554 **with amendments**.

Sincerely,

Nicole Hanson-Mundell
Executive Director
Out for Justice, Inc.